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prices for the year in the principal market for the crop? One typographical error is noted: on p. 28 a correlation coefficient is given as 6.00; it, obviously, should be .600.

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*Banking Practice and Foreign Exchange.* By E. L. STEWART PATTERSON and FRANKLIN ESCHER. New York: Alexander Hamilton Institute, 1914. 8vo, pp. xx+637. \$2.50.

This book is Vol. VIII in the "Modern Business Series" edited under the supervision of Joseph French Johnson. It is the Canadian edition of Vol. VI, *Banking Practice and Foreign Exchange* written by Jefferson and Escher. The volume as a whole is about a third larger than the American edition. Mr. Patterson is the author of Part I, "Banking Principles," and Part II, "Banking Practice," both with reference to Canadian experience, and he has also collaborated with Mr. Escher in Part III on "Foreign Exchange." A word may be said first with reference to changes that have been made in this edition of Escher's treatise.

Four chapters have been added to "Foreign Exchange" and the first chapter has been rewritten and greatly extended. In all, it now covers 148 pages as against 70 pages in the American edition. Incidentally it may be stated that the present study is much more comprehensive and less elementary than Mr. Escher's little independent volume on *Elements of Foreign Exchange*. Chap. i in the new volume, on "Mechanism of the Exchange Market," contains a good statement of inland exchange operations and an account of exchange between New York and Canada. The mint par and gold points are more fully explained than in the previous volume; and there are comprehensive tables of rates and technical terms in eight or ten languages. In connection with finance bills Mr. Escher makes a statement of interest, one not made in his *Elements of Foreign Exchange*. He says (p. 442): "Concerning the exact meaning of 'finance-bill' it is surprising what a difference of opinion exists even among well-informed writers on exchange, but concerning the present meaning of the term as it is used in the exchange market in New York there is no chance for any difference of opinion. Among practical exchange men a finance-bill means just one thing—an unsecured long bill of exchange drawn by a banker in one country on a banker in another and sold for the purpose of raising money."

Chaps. ii-v inclusive are identical with those in the previous edition. The four new chapters consider: "Foreign Exchange Operations in Connection with Export Trade"; "Sterling Exchange"; "Continental Exchange"; and "Foreign Remittances." The first of these makes an excellent complement to chap. iii on "Foreign Exchange and Imports." The author discusses in his usual non-technical and easy style the system of Dollar Credits; Drafts on the Foreign Importer, and Export Letters of Credit. The chapters on "Sterling Exchange" and "Continental Exchange" explain the monetary systems and exchange quotations of Europe and present the formulae for the various inter-conversions. An appendix gives the rules for converting American into Canadian exchange. The last chapter on "Foreign Remittances" details the various methods that are employed by travelers and others in non-commercial exchange. A number of forms are presented in illustration. Mr. Escher's extension of his treatise to cover this wider field constitutes a very welcome addition to the textual literature of foreign exchange.

Mr. Patterson was formerly general manager of the Eastern Township Bank, and is at present acting inspector of the Canadian Bank of Commerce. He therefore brings to his work a knowledge of banking that has been tested by a ripe experience in responsible positions. In addition, he has apparently had a thorough training in the history and theory of banking, for he evidences at all times a much broader grasp of general principles than is usually found in the writings of men of affairs. To these qualifications must be added a talent for organizing material and an unusually clear and attractive style. The result is a book that will surely be accorded a high place in the literature of banking.

Part I, on Banking Principles, begins with an extended analysis (5 chapters) of the Canadian Bank act of 1913. This treatment is made, in the main, not from the point of view of the changes that were introduced by this act, but as an avenue for the explanation of the Canadian system as it is today. A few of the important changes made by the recent act are stressed, however, such as the adoption of the central gold reserves. This is a device to give greater elasticity to the issue of notes in time of emergency. It may be recalled that the ordinary issue of a Canadian bank is limited to the paid-up capital. Beyond this, emergency issues have been permitted to the extent of 15 per cent of the paid-up capital and reserves, subject to a tax of 5 per cent. The new act permits any bank to issue emergency notes to any amount so long as they are backed dollar for dollar by gold deposited with a central

board of four trustees (three chosen by the banks, and one by the Minister of Finance). The author believes this emergency privilege will be widely used, and that "it is likely to prove another excellent feature of the Canadian banking system. . . . A note issue which has absolute security, rapid convertibility, and unlimited elasticity must surely come as near perfection as it is possible to reach" (pp. 62-63).

The Canadian "one-bank" policy is of particular interest to American students of banking. The Canadian rule is that no one can be a borrower from more than one bank; and "it is only in the case of very large accounts that this rule is broken, and then only by mutual agreement between the banks interested" (p. 72). This is distinctly different from the practice in the United States, where, instead, it is almost the rule that a business concern ought to have several lines of credit—two or more local banks, or at least open market connections in addition to a regular bank. The author believes the Canadian system decidedly superior to ours in this respect: first, from the point of view of the customer's convenience and certainty of securing accommodation as needed; and, second, because the practice results in two-name instead of single-name paper. While space will not here permit an adequate discussion of these points, it is the belief of the reviewer that with reference to both contentions there is much to be said in defense of the American practice.

Mr. Patterson's description of the Canadian system is followed by an excellent critical analysis of the items in a typical bank statement. The principles and practice of Canadian banks are given a very clear elucidation by means of the statement.

In Part II, *Banking Practice*, the author devotes 300 pages to a discussion of the practical work of officials of all grades; to books, records, and labor-saving methods; to loaning; to bank cost-accounting and internal auditing. Mr. Patterson's analysis of the principles that should govern the making of bank loans is especially good. There is here none of the hit-or-miss presentation of a few typical bank forms accompanied by some aimless statements to the effect that the basis of credit is confidence and that in making loans a bank must carefully scrutinize the character of the paper presented or the collateral offered, so characteristic of treatises on banking practice. The author here carries us through a practical everyday analysis of the various items that make up a property statement, and details for us the nature of the investigation that is made with reference to the character and personal responsibility of the borrower. It is in this connection, of course, that

the author's practical banking experience gives him the chief advantage over the usual academic writer.

Loans are classified by the author not only with reference to time and the type of security offered, but also with reference to the occupation of the borrower; and in every case there is a critical analysis of the safety and desirability of such loans from the standpoint of the bank, and a statement of the general rules that may be laid down for the making of loans to each class of borrowers. Chap. viii on "Advances on Warehouse Receipts and Assignments" covers 30 pages and is far and away the best treatment of such loans available. While developed with particular reference to the provisions of the Canadian Bank act, the analysis of the problems in connection with such loans is of interest to all students.

Indeed, it may be said with regard to a considerable portion of the part on Banking Practice that the text will meet the needs of Americans almost as well as of Canadians, for the principles involved do not usually differ appreciably on opposite sides of the border. As a whole, the reviewer would place Part II of this volume easily first among the works on banking practice. Its only serious rival is Martin's "Modern Banking and Trust Companies"; and this is not as yet available in book form.<sup>1</sup>

In the appendix to the volume is an extensive classified list of questions (with *yes* or *no* answers) on Rules and Regulations for Bank Routine in Canada; a synopsis of the stamp duties on foreign drafts now in force in various countries; and a bibliography on Money, Banking, and Exchange, apparently satisfactory for Canada and fairly serviceable for the United States. Finally there are 375 quiz questions covering the entire volume. These are, unfortunately, almost exclusively of the type found in our old grammar-school geographies. The book is handsomely bound and is excellent in workmanship.

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*Retail Selling and Store Management.* By PAUL H. NEYSTROM.  
New York: D. Appleton & Co., 1914. 12mo, pp. 22+280.  
\$1.50 net.

This volume was prepared for use in the Extension Division of the University of Wisconsin and it is published by the Appletons under the general caption: "Commercial Education Series." These two state-

<sup>1</sup> It has been appearing serially in the *Banking Law Journal*.